National Drug Code (NDC) Roundtable Discussion

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Objectives

- Provide background on the federal Medicaid drug rebate program changes related to physician administered drugs

- Share the California Department of Health Services (CDHS) approach for complying with federal requirements

- Solicit feedback from Medi-Cal's provider community on potential impact of these changes

Agenda

- Background – Why Change?
- CDHS Approach
- Why Use the NDC?
- Example – NDC vs. HCPCS
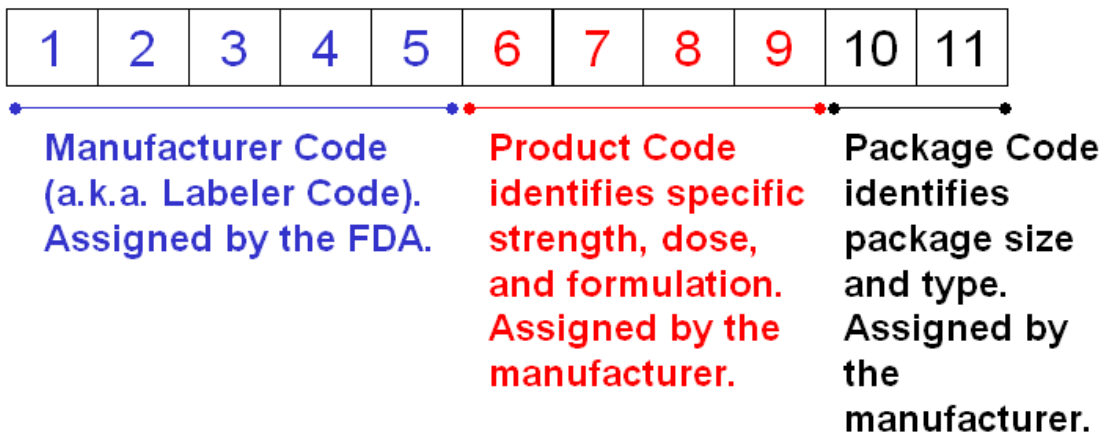- Contact Information

Medi-Cal Billing Codes

- Prior to 1992
    - California Standard Nomenclature (CMA)
    - Schedule of Maximum Allowances (SMA)

- Since 1992
    - AMA Current Procedural Terminology (Physicians)
    - HCPCS Level II or III codes (Allied Health Services)

Background – Why Change?

- HIPAA requirements
  - HIPAA mandates use of standard codes (HCPCS or NDC) for drugs billed on physician claims
    - 519 X-Codes must go away

- Federal requirements
  - Rebates on "covered outpatient drugs"
  - Deficit Reduction Act of 2005 (DRA) requires all state Medicaid programs to collect and submit NDCs for utilization data and rebates

- State requirements
  - Assembly Bill 2631 requires CDHS to develop and publish medical benefits and utilization policy for injectable drugs within 180 days of FDA approval

- Growth in physician administered drugs

- Higher drug rebates
  - Drug manufacturers pay more than $1 billion in rebates to the Medi-Cal Program annually for drugs dispensed by pharmacies
  - Physician administered drugs are often excluded from rebates because the billing code doesn't always identify the specific drug and drug units at the claim level

- 11 Digit NDC provides detailed drug information

1	2	3	4	5	6	7	8	9	10	11

Manufacturer Code (a.k.a. Labeler Code). Assigned by the FDA.

Product Code identifies specific strength, dose, and formulation. Assigned by the manufacturer.

Package Code identifies package size and type. Assigned by the manufacturer.

CDHS Approach

- Effective January 1, 2008:
    - Discontinue use of interim X-codes

    - Require NDCs and national HCPCS codes on professional and outpatient claims (837P, 837I) for all physician administered drugs, including:
        - Blood factor and products
        - Vaccines
        - Chemotherapy
        - Other Injectable Drugs

    - Use the NDC to determine claim payment

Why Use the NDC?

- Advantages to Providers and Billers

    - Speeds reimbursement
        - Electronic transmission reduces administrative burden related to pricing and authorization

    - Provides reimbursement specific to actual drug administered

    - Allows for earlier use of new therapies (e.g., weekly updates to drug information)

- Advantages to the Patient
    - Improves quality of care (e.g., reduced medication errors)

- Advantages to CDHS
    - Increases manufacturer provided rebates
    - Improves drug utilization reporting

Example – NDC vs. HCPCS
(Note: Rates for illustrative purposes only.)

NDC Codes

$ 69 00013260694 Genotropin 1.5mg Cartridge
$576 00013264681 Genotropin 13.8 mg Cartridge
$229 00013261694 Genotropin 5.8 mg Cartridge
$ 10 00013264902 Genotropin MiniQuick 0.2mg
$ 58 00013265402 Genotropin MiniQuick 1.2mg
$463 50242003450 Nutropin 10 mg Vial
$232 50242003249 Nutropin 5 mg Vial
$592 50242003235 Nutropin Depot 13.5 mg Kit
$987 50242003654 Nutropin Depot 22.5 mg Kit
$139 44087000407 ...tim 4 mg Vial
$209 44087100605 ... mg Vial

Current Interim Code

$59 X7036 Somatropin (Humatrope)
$46 X7494 Somatropin 1 mg
$50 X7452 Nutropin 1 mg
$59 X7454 Nutropin A.Q. 1 mg

HCPCS Code

$?? J2941 Inject. Somatropin

OR

Advantages of NDC

- Specifies manufacturer and strength
- Allows for weekly NDC updates
- Ties reimbursement to actual drug and strength
- Makes drug information available to provider billing and quality of care systems
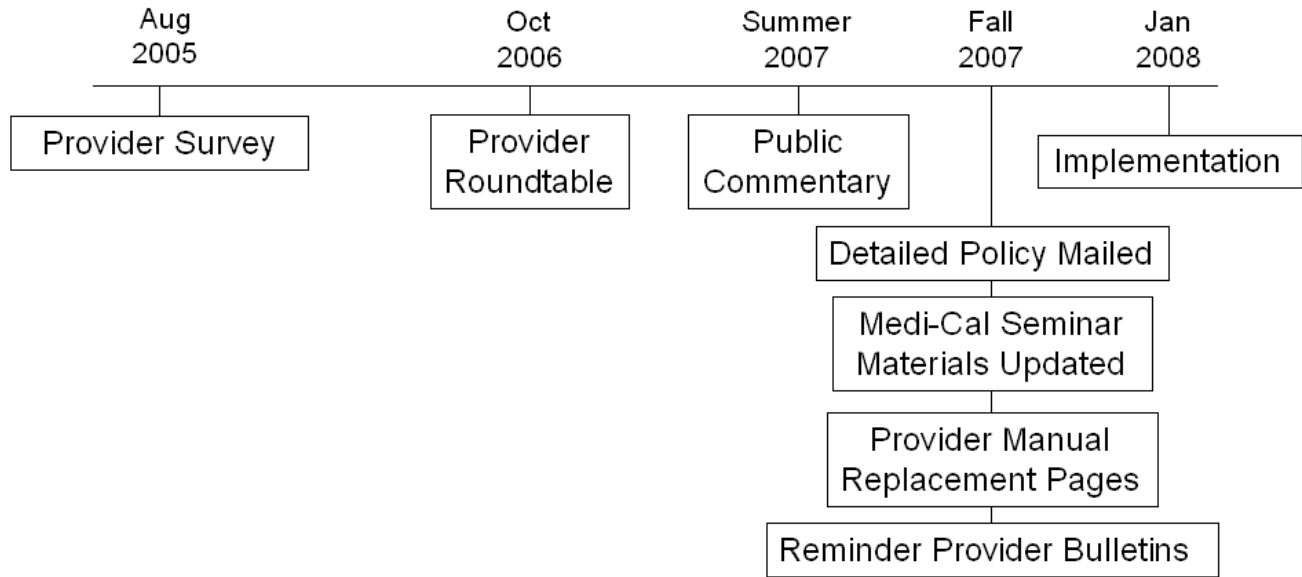
Drawbacks of HCPCS

- Provides less specificity than X-Codes
- Forces inaccurate reimbursement rate across several categories
- Doesn't allow for frequent updates (HCPCS updated only once per year)
- Requires claim attachment or other method to capture manufacturer information

HCPCS/CPT Problematic Codes

HCPCS/CPT Codes	Alternate Uses
J 1380 Injection, estradiol valerate, up to 10 mg	Use for Delestrogen, Dioval, Dioval XX, Dioval 40, Duragen-10, Duragen-20, Duragen-40, Estradiol L.A., Estradiol L.A. 20, Estradiol L.A. 40, Gynogen L.A. 10, Gynogen L.A. 20, Gynogen L.A. 40, Valergen 10, Valergen 20, Valergen 40, Estra-L 2-, Estra-L 40, L.A.E. 20
J 1745 Injection, infliximab, 10 mg	Use for Remicade
J 7190 Factor VIII (antihemophilic factor, human) per IU	Use for Monarc-M, Koate-HP, Alphanate, Hemofil-M, Koate-DVI, Kogenate, Monoclate-P
J 7193 Factor IX (antihemophilic factor, purified, non-recombinant) per IU	Use for AlphaNine SD, Mononine
J 7195 Factor IX (antihemophilic factor, recombinant)	Use for Benefix, Konyne 80, Proplex T
CPT 90378 RSV Immune Globulin, 50 mg	

Provider Communication Timeline

Aug 2005	Oct 2006	Summer 2007	Fall 2007	Jan 2008
Provider Survey	Provider Roundtable	Public Commentary		Implementation

Detailed Policy Mailed

Medi-Cal Seminar Materials Updated

Provider Manual Replacement Pages

Reminder Provider Bulletins

Contact Information

- **Medi-Cal Comment Forum**
  http://files.medi-cal.ca.gov/pubsdoco/forum_home.asp

- **ASC X12N 837 Implementation Guide (4010) and Addenda (4010A1)**
  http://www.wpc-edi.com/

- **837 Companion Guides, Error Resolution Hints, Testing Instructions**
  http://www.medi-cal.ca.gov/

- **CDHS Transactions and Code Set Status**
  http://www.dhs.ca.gov/hipaa

- **Deficit Reduction Act of 2005 (PDF)**
  http://www.nasmd.org/bug-rec/docs/DRA-Public-Law-109-171.pdf

- **HIPAA Frequently Asked Questions**
  http://files.medi-cal.ca.gov/pubsdoco/pubsframe.asp?hurl=/pubsdoco/publications/bulletins/hipaa/hipaaqa_home.htm